

MMC CORPORATION BERHAD

STAYING AHEAD



Staying Ahead

As a leading utilities and infrastructure Group, MMC Corporation Berhad is strategically positioned to continuously support the growth of the industries that we are in namely Ports and Logistics, Energy and Utilities as well as Engineering and Construction.

Building upon our long-standing credentials and expertise, we play a key role in moving economic progress by connecting businesses through our seamless integrated logistics solutions. We are equipped with the resources to support the energy needs of a developing country and play a key role in sustainable development projects whenever the nation needs us. Our strong foundation and prowess remain as a driving force to deliver on mega infrastructure projects for the nation.

Above all, our ability to weave resources and vast experience enable us to stay ahead, pursue our unceasing quest to provide service beyond excellence and build a legacy that will stand the test of time.

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CORPORATE PROFILE

MMC CORPORATION BERHAD (MMC) IS A **LEADING UTILITIES AND INFRASTRUCTURE GROUP WITH DIVERSIFIED BUSINESSES** UNDER THREE DIVISIONS, NAMELY PORTS AND LOGISTICS, ENERGY AND UTILITIES AND ENGINEERING AND CONSTRUCTION.



CORPORATE PROFILE

Its key businesses under the Ports and Logistics division include the operations of Pelabuhan Tanjung Pelepas Sdn Bhd, Johor Port Berhad, Northport (Malaysia) Bhd, Penang Port Sdn Bhd, Tanjung Bruas Port Sdn Bhd, JP Logistics Sdn Bhd and Kontena Nasional Berhad. Internationally, MMC has presence in Saudi Arabia via Red Sea Gateway Terminal Company Limited, a container port terminal within the Jeddah Islamic Port.

Under the Energy and Utilities division, MMC is the single largest shareholder of both Malakoff Corporation Berhad and Gas Malaysia Berhad.

MMC's Engineering and Construction division has further established itself in the sector with a leading role as the Project Delivery Partner (PDP) and underground works package contractor for the 51 km Klang Valley Mass Rapid Transit (KVMRT) Sungai Buloh-Kajang project (SBK Line) and Sungai Buloh-Serdang-Putrajaya project (SSP Line). Prior to this, MMC has successfully completed the 329 km Ipoh-Padang Besar Electrified Double Tracking Project as well as the innovative Stormwater Management and Road Tunnel (SMART) motorway, the first-of-its-kind, dual-purpose tunnel in the world.

MMC continues to make inroads in the construction industry, securing key civil and infrastructure projects in the country namely Langat Centralised Sewerage Treatment Plant, Langat 2 Water Treatment Plant and Refinery and Petrochemical Integrated Development (RAPID) Pengerang Cogeneration Plant. MMC also has a 20% effective interest in Borneo Highway PDP Sdn Bhd (BHP), the appointed project delivery partner for the Pan Borneo Highway Project in Sabah.

In other businesses, MMC wholly-owns Aliran Ihsan Resources Berhad, a water treatment plant operator and Senai Airport Terminal Services Sdn Bhd, the operator of Senai International Airport in Johor Bahru - a major aviation hub and the main air transportation gateway to Iskandar Malaysia. The Group Property arm of MMC manages close to 6,000 acres of industrial developments in Iskandar Malaysia, Johor and Kulim, Kedah, namely Senai Airport City, Tanjung Bin Petrochemical & Maritime Industrial Centre (TBPMIC) and Northern Technocity (NTC). The Senai Airport City, TBPMIC and NTC developments come under the ambit of the Group Property's three operating companies – Senai Airport City Sdn Bhd, Seaport Worldwide Sdn Bhd and Northern Technocity Sdn Bhd respectively.



CORPORATE STRUCTURE



CORPORATE STRUCTURE

MMC CORPORATION BERHAD IS A LEADING UTILITIES AND INFRASTRUCTURE GROUP WITH DIVERSIFIED BUSINESSES UNDER THREE DIVISIONS NAMELY PORTS AND LOGISTICS, ENERGY AND UTILITIES AND ENGINEERING AND CONSTRUCTION.

PORTS & LOGISTICS



PELABUHAN TANJUNG PELEPAS SDN BHD

Transshipment port operator
70% shareholdings



JOHOR PORT BERHAD
Multi-purpose port operator



NORTHPORT (MALAYSIA) BHD
Multi-purpose port operator
99.09% shareholdings



PENANG PORT SDN BHD
Main gateway for shippers in the northern states of Malaysia and also the southern provinces of Thailand
49% shareholdings



TANJUNG BRUAS PORT SDN BHD
(formerly known as KMB Seaport Sdn Bhd)
70% shareholdings



RED SEA GATEWAY TERMINAL
Container terminal at Jeddah Islamic Port
20% shareholdings



JP LOGISTICS SDN BHD
Integrated logistics company



KONTENA NASIONAL BERHAD
Integrated logistics company
99.09% shareholdings



KTMB MMC CARGO SDN BHD
Rail cargo operator
49% shareholdings



SENAI AIRPORT TERMINAL SERVICES SDN BHD
Airport operator
for Senai International Airport

ENERGY & UTILITIES

MALAKOFF

MALAKOFF CORPORATION BERHAD
Independent water and power producer company
37.6% shareholdings



GAS MALAYSIA BERHAD
Natural gas distribution company
30.9% shareholdings



ALIRAN IHSAN RESOURCES BERHAD
Water treatment specialist

INDUSTRIAL PROPERTY

MMC MMC LAND SDN BHD
Investment arms for the Group's industrial property development



SENAI AIRPORT CITY
SENAI AIRPORT CITY SDN BHD
Industrial property developer with land bank in Senai, Johor



SEAPORT WORLDWIDE SDN BHD
Tanjung Bin Petrochemical & Maritime Industrial Centre
Industrial Property Developer

NORTHERN TECHNOCITY SDN BHD

Industrial property developer with land bank in Kulim, Kedah

ENGINEERING & CONSTRUCTION



MMC ENGINEERING SERVICES SDN BHD
Main contractor for Pengerang Co-generation Plant (PCP) project

Main contractor for Langat 2 Water Treatment Plant project



MMC PEMBETUNGAN LANGAT SDN BHD
Main contractor for Langat Centralised Sewage Treatment Plant and Sewerage Conveyance System project



MMC GAMUDA KVMRT (PDP) SDN BHD
MMC GAMUDA KVMRT (PDP SSP) SDN BHD
MMC GAMUDA KVMRT (T) SDN BHD
Project delivery partner for Klang Valley Mass Rapid Transit (KVMRT) project for Line 1 & Line 2

Main contractor for underground package of KVMRT project
50% shareholdings



STORMWATER MANAGEMENT AND ROAD TUNNEL (SMART)
Operator for dual purpose tunnel, storm drainage and road
50% shareholdings



UEM MMC JOINT VENTURE SDN BHD
A project delivery partner for Pan Borneo Highway Sabah project
50% shareholdings

TO BE
A PREMIER
UTILITIES AND
INFRASTRUCTURE
GROUP



VISION MISSION



EXCELLENCE IN
OUR CORE BUSINESS
SEGMENTS



BOARD OF DIRECTORS

TAN SRI DATO' SERI SHAMSUL AZHAR ABBAS
Independent Non-Executive Chairman

DATO' SRI CHE KHALIB MOHAMAD NOH
Group Managing Director

DATO' ABDULLAH MOHD YUSOF
Senior Independent Non-Executive Director

DATUK OOI TEIK HUAT
Independent Non-Executive Director

DATO' ABDUL HAMID SH MOHAMED
Independent Non-Executive Director

DATO' SITI HALIMAH ISMAIL
Independent Non-Executive Director

**TUAN SYED NAQIZ SHAHABUDDIN
SYED ABDUL JABBAR**
Independent Non-Executive Director

DATO' IR. JAMALUDIN OSMAN
Non-Independent Non-Executive Director

MR. TEE BENG THONG
Independent Non-Executive Director

CORPORATE INFORMATION

COMPANY SECRETARIES

Ahmad Aznan Mohd Nawawi
Sazlin Ayesha Abdul Samat

REGISTERED OFFICE

Ground Floor, Wisma Budiman
Persiaran Raja Chulan
50200 Kuala Lumpur
Malaysia
Tel : (603) 2071 1000
Fax : (603) 2026 2378
Email : cosec@mmc.com.my

FORM OF LEGAL ENTITY

Incorporated in Malaysia on 19 November 1976 as a private company limited by shares. Converted into a public company on 8 March 1977.

AUDITORS

Messrs. PricewaterhouseCoopers PLT
(LLP0014404-LCA & AF 1146)
Chartered Accountants
Level 10, 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
P.O. Box 10192
50706 Kuala Lumpur
Malaysia
Tel : (603) 2173 1188
Fax : (603) 2173 1288

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7849 0777 (Helpdesk)
Fax : (603) 7841 8151 / 52

DIVIDEND SERVICE PROVIDER

Bursa Malaysia Depository Sdn Bhd
10th Floor, Exchange Square
Bukit Kewangan
50200 Kuala Lumpur
Malaysia
Tel : (603) 2034 7751
Fax : (603) 2026 3712

PRINCIPAL BANKER

RHB Islamic Bank Berhad

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Stock Code : 2194
Stock Name : MMCCORP

FINANCIAL CALENDAR

2018

14 May 2018 Annual General Meeting

20 June 2018 Entitlement to 2017 final dividend

5 July 2018 Payment of 2017 final dividend

Announcement of financial results for the
Financial year ended 31 December 2017:

29 May 2017 1st quarter ended 31 March 2017

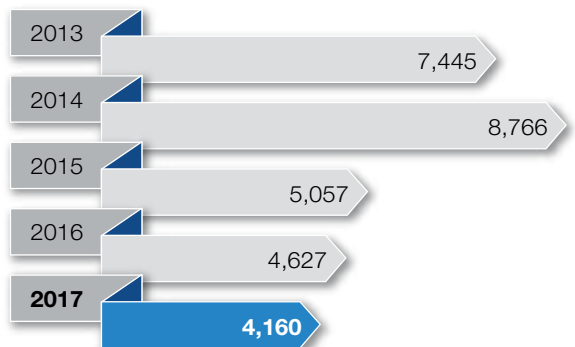
28 August 2017 2nd quarter ended 30 June 2017

22 November 2017 3rd quarter ended 30 September 2017

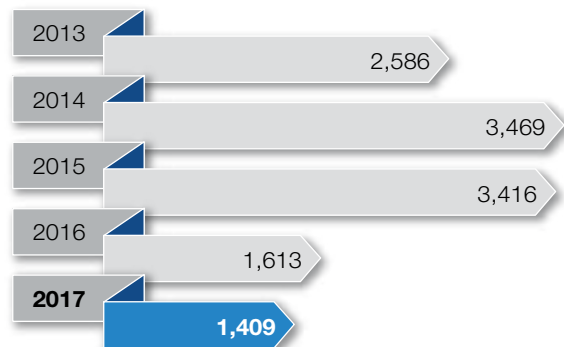
27 February 2018 4th quarter ended 31 December 2017

PERFORMANCE AT A GLANCE

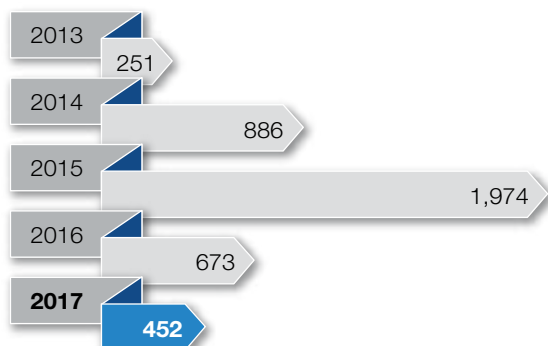
REVENUE (RM million)



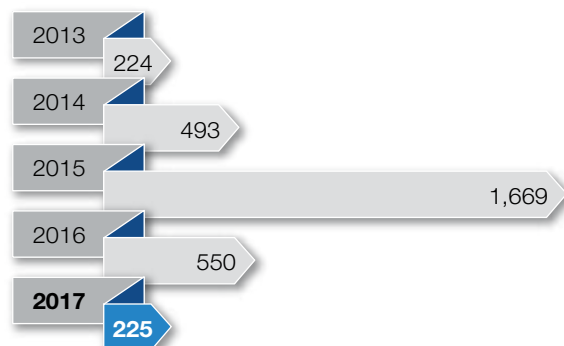
EBITDA (RM million)



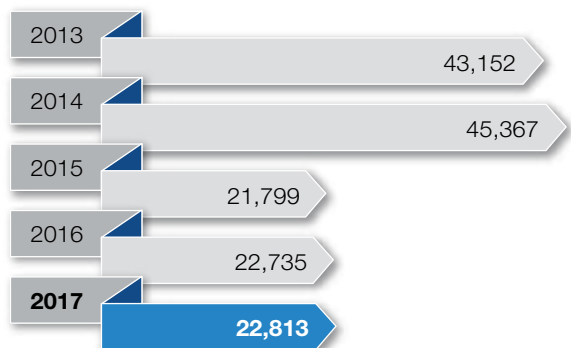
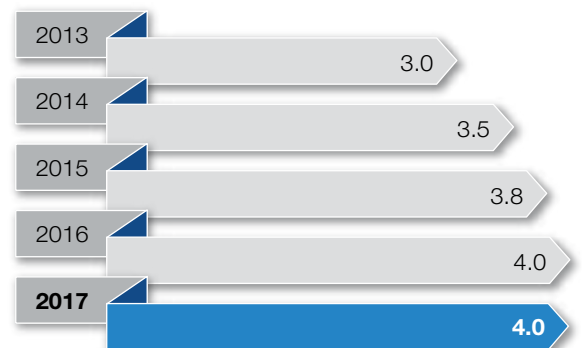
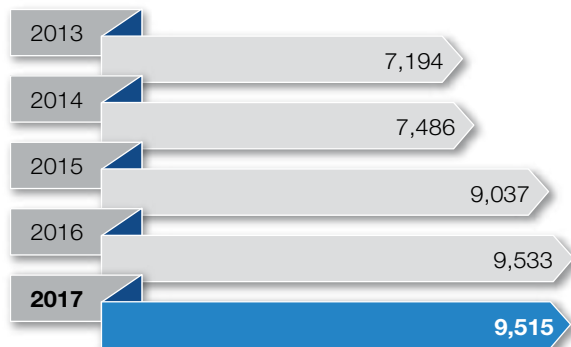
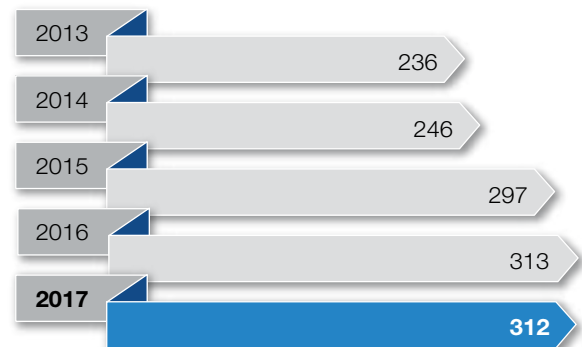
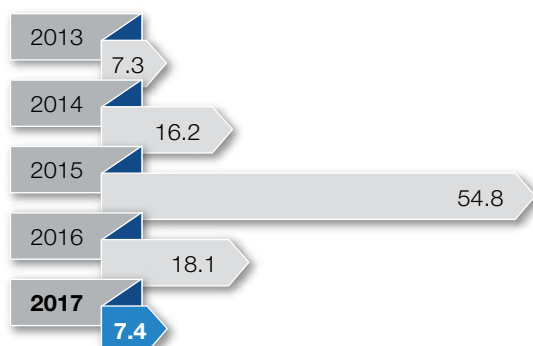
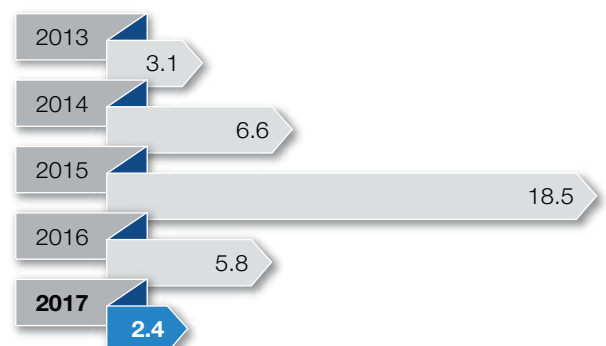
PROFIT BEFORE ZAKAT AND TAXATION (RM million)



PROFIT AFTER TAX AND MINORITY INTERESTS (RM million)



PERFORMANCE AT A GLANCE

GROSS ASSETS (RM million)**DIVIDEND PER SHARE** (sen)**SHAREHOLDERS' FUNDS** (RM million)**NET ASSETS PER SHARE** (sen)**EARNINGS PER SHARE** (sen)**RETURN ON EQUITY** (%)

CHAIRMAN'S MESSAGE

MMC CORPORATION BERHAD (MMC OR THE GROUP) ACCOMPLISHED SEVERAL MILESTONES AND FURTHER CONSOLIDATED OUR POSITION IN FINANCIAL YEAR 2017 AS A LEADING UTILITIES AND INFRASTRUCTURE GROUP.



CHAIRMAN'S MESSAGE

During the year, we undertook various measures to strengthen our platform for sustainable growth, improve our productivity and efficiency, contribute to nation building, connect with the community and create value for our stakeholders.

By staying ahead every step of the way, we were able to overcome various challenges to emerge stronger and remain relevant in an ever-changing world as we edge closer to achieving our vision to be a premier utilities and infrastructure group.

Therefore, we have chosen the theme **Staying Ahead** for our 2017 Annual Report as it epitomises our performance for the year and our aspirations towards 2018.

Having managed our costs well, remained on track with our long-term growth plan and delivered satisfactory financial results under the current challenging circumstances, we have a responsibility to provide our shareholders with a return on their investment.

Therefore, I am pleased to announce that the Board of Directors is recommending a dividend of 4.0 sen per share, consistent with the returns provided to shareholders last year, subject to the approval of Members at the upcoming Annual General Meeting (AGM).

I now present this 2017 Annual Report on the Group's milestones and activities, performance and financial statements for the year ended 31 December 2017.

THE YEAR THAT WAS

A key development during the year that changed the landscape for the shipping industry was the shift in ocean carrier alliances in April 2017. The three alliances, namely 2M, Ocean Alliance and THE Alliance represented nearly 80% of global container trade and accounted for approximately 90% of container capacity on major trade routes.



2M, Ocean Alliance and THE Alliance
REPRESENTED NEARLY 80% OF GLOBAL CONTAINER TRADE
 and accounted for approximately 90% of container capacity on major trade routes.

Following the consolidation, Pelabuhan Tanjung Pelepas Sdn Bhd (PTP) remained the key regional hub for the 2M Alliance (Maersk and MSC) and Evergreen as well as a secondary hub for the Ocean Alliance (COSCO, OOCL and CMA CGM). The 2M Alliance's prospects in the industry continue to show promising developments following Maersk Line's recent merger with Hamburg Sud and the signing of a strategic cooperation agreement with Hyundai Merchant Marine which is expected to strengthen the alliance's competitiveness in the industry. During 2017, PTP registered 1 additional weekly call from 2M and a 4-weekly call arrangement with Ocean Alliance is expected to be finalised in 2018.

Port Klang, which was CMA CGM's long-standing Southeast Asian hub, on the other hand, has lost some market share to Singapore mainly as a result of CMA CGM's acquisition of the Singapore-based APL. The acquisition signals CMA CGM's intention to maximise its return of investment in a joint-venture terminal with PSA in Singapore, namely the CMA CGM-PSA Lion Terminal, which is expected to drive away volumes from Port Klang.

This situation was however ameliorated by strong support from customers in the conventional cargo segment and steady demand from the hinterland market, as we relied on long-lasting customer relationships and efficient service, an effort which is continuing until this day.

Facility infrastructure upgrades at our ports included, among others, a first in this region to feature the tallest ship-to-shore cranes that can serve mega vessels with capacity of more than 18,000 TEUs as well as berth upgrading and drafts deepening to cater to Triple E containers and Ultra Large Container Carriers (ULCC) vessels. Plans are also afoot to introduce new services such as the country's first roll-on/roll-off (RoRo) service between our Tanjung Bruas Port in Melaka and PT Pelabuhan Indonesia I's (PELINDO I) Dumai Port in Sumatra.

To fortify our position, we have also secured new alliances in the establishment of The East Malaysia Network (TEAM Network) with Shin Yang Shipping Sdn Bhd and Harbour-Link Group Bhd as well as a sister port relationship with Weifang Sime Darby Port Co Ltd to capitalise on the One Belt, One Road (OBOR) initiative.

Also of significance in 2017 was the stellar performance in terms of cruise passenger arrivals at Swettenham Pier Cruise Terminal (SPCT) and the arrival of Asia's newest luxury cruise ship Genting Dream in December, with the capacity to carry up to 3,500 passengers on its maiden voyage from its Singapore homeport.

Another notable milestone is the impending US\$35 million upgrading project in collaboration with Royal Caribbean Cruises Ltd to transform SPCT into a port of call for international cruise liners with terminals capable of berthing two mega cruise liners carrying over 4,900 passengers each at any one time.

CHAIRMAN'S MESSAGE

Our prowess as a port operator extended beyond the seas to the air with more than 3 million passengers travelling through our Senai International Airport in 2017 as we steered our way through reforms in airport passenger service charges. AirAsia Group recently unveiled its Fast Airport Clearance Experience System (FACES), Malaysia's first airport facial recognition system with self-boarding gates at Senai International Airport, offering travellers with a seamless travel experience from check-in to boarding using the latest biometric facial recognition technology.

On the ground, we celebrated the official launch of Klang Valley Mass Rapid Transit (KVMRT) Sungai Buloh-Kajang (SBK) Line at the Tun Razak Exchange Station on 17 July 2017, a testimony of our continued contribution to nation building. The project was completed two weeks ahead of schedule and at RM2 billion below budget.

It was also commendable to witness the cohesiveness and solidarity of our employees who worked through testing times to continue to deliver excellent service to customers and their commitment to ensure a safe environment for all, enabling us to create an injury-free workplace.

STEADY RESULTS DESPITE CHALLENGES

For the financial year 2017, the Group posted a commendable revenue of RM4.16 billion, with stable income contribution from its three divisions, namely Ports and Logistics, Energy and Utilities and Engineering and Construction.

In 2017, the Ports and Logistics division bettered its performance amid continued infrastructure upgrades and strong support from the hinterland market, which offset lower transshipment that came hard on the heels of the shift in global shipping alliances. The division contributed 68% or RM2.82 billion to Group revenue, with total container throughput of 13.75 million TEUs.



THE GROUP POSTED A
COMMENDABLE REVENUE

**RM4.16
BILLION**



Improvements were led mainly by PTP, Johor Port Berhad (JPB) and Penang Port Sdn Bhd (Penang Port). Transshipment volume at Northport (Malaysia) Bhd (Northport) took the hardest hit when global shipping alliances shifted in favour of Singapore, but this was partly cushioned by the shipment from local containers and conventional cargo.

Contributions from the Energy and Utilities division remained largely stable amid sustained demand for power in tandem with the general economic growth. At Malakoff, we are actively exploring Renewable Energy (RE) opportunities, in line with the Government's aspiration. Expansion into RE will enable Malakoff to widen its horizon and expand RE generation capacity as well as capability into new areas such as solar, hydro, biogas and any other sustainable energy. Resilient demand from a strong customer base also continued to support Gas Malaysia Berhad's natural gas distribution business.

The Engineering and Construction division on the other hand, sustained positive revenue growth from its on-going projects such as the KVMRT Sungai Buloh-Serdang-Putrajaya (SSP) Line project and Langat sewerage projects, which enabled the division to contribute total revenue of RM1.26 billion to the Group in 2017.

In other businesses, Senai Airport Terminal Services Sdn Bhd (SATSSB) and Aliran Ihsan Resources Berhad (AIR Berhad) flew in with strong top line growth which added RM77 million to the Group's revenue.

More details on the financial and operational performance are shared in the Management Discussion and Analysis section that follows.

CHAIRMAN'S MESSAGE

MANAGING RISKS, ENHANCING EFFICIENCIES

To manage our risks, we constantly identified, assessed, monitored and reviewed key risks and potential outcome and took swift action to mitigate the risks whenever they arise or in anticipation of potential ones.

We also have in place a structured risk management framework and processes that are aligned with the principles of ISO 31000 for effective risk management including the Finance, Investment and Risk Committee and a standardised Group Procurement Policy, to name a few.

We will continuously ensure that risks across the Group are managed in a holistic manner, integrated into our culture, business practices and business plans, including employees of all levels and applied consistently.

Trends shaping the shipping industry will also have an impact on our operations, and currently we are seeing an acceleration in the mega-ship trend. As major shippers increasingly turn to larger vessels for energy efficiency and economies of scale, ports that do not plan, adapt and evolve run the risk of being obsolete ahead of their time.

To mitigate this, we are careful and prudent in spending on CAPEX with the aim of increasing productivity, efficiency and quality of service. With meticulous planning and substantial investments made to strengthen our infrastructure, we now have newer facilities with greater capacity and handling efficiency and we have also upgraded and refurbished our equipment to ensure reliability.

We also took proactive measures to reduce our vulnerability to any one segment with a more proactive approach to connect with customers to better understand their needs, build up resilience by exploring new markets and introduce new services.

Meanwhile, we have also embarked on a strategic review across all aspects of our operations to identify our strengths, where we could do better and how best to respond to changes and opportunities that may arise in the future.

INVESTING FOR THE FUTURE

With a workforce of more than 14,000 employees operating across diverse industries, we continue to find value in our people and to invest in them and their future. We do so by providing training and opportunities for them to further develop their knowledge and skills, encouraging them to enhance their qualification and capabilities.

As an equal opportunity employer, MMC employs, appoints, promotes, develops and rewards its employees through the principles of meritocracy and fairness.

A WORKFORCE
OF MORE THAN

14,000 EMPLOYEES

OPERATING ACROSS
DIVERSE INDUSTRIES



We believe our people form the identity of the Group and by investing in them we are able to leverage on their skills and abilities to create value for our customers and stakeholders.

We also contribute to knowledge building as part of our commitment to develop our people and our nation by sharing our knowledge and expertise with academic institutions and other industry players.

One of our latest initiatives in December was the collaboration between MMC and the Ministry of Higher Education through its Department of Polytechnic Education. The collaboration provides opportunity for polytechnic students to undergo industrial training in MMC group of companies. An industrial reference centre called MMC Polytechnic Education Centre at Ibrahim Sultan Polytechnic, was established to accommodate the joint programmes between these two parties.

CHAIRMAN'S MESSAGE

CONNECTING WITH THE COMMUNITY

We continue to demonstrate our commitment to the welfare of the community and protect the environment through several key CSR programmes carried out during the year.

Among MMC's key initiatives for the community is our annual programme, *MMC Prihatin*. Under this programme, we contribute essential food items through our operating companies to assist underprivileged families in their preparation for the Hari Raya celebration.

In 2017, the Group also donated four units of hearses to four mosques in Johor, worth more than RM670,000 to assist the communities with funeral matters along with alms hand-outs.

To support the development of our future generation, we have established the MMC Smart Circle Programme to assist both the students and the schools' development by providing learning materials and upgrading school libraries to further academic excellence and inculcate an interest in reading. Throughout the year, the programme has distributed RM120,000 worth of reading materials to selected schools in areas within our operations.

Other community initiatives included the Back to School Programme where we contributed school supplies to needy students, and disaster response through our Emergency Rescue Team, which was called to action to assist in flood relief work in Penang last November.

In addition to job creation and nation building through our participation in major infrastructure projects, MMC also embarked on environmentally-responsible initiatives by investing in facilities that minimise greenhouse gas emissions and promotes energy efficiency and sustainability.

Our commitment also extends to supporting and collaborating with researchers and institution of higher learning to conduct scientific studies relating to preservation of biodiversity and environmental conservation.

Through helping others and by employing environmentally-responsible methods in our operations, we are able to develop sustainable growth for our organisation, ensure continued economic development for our nation, and build a future for the next generation.



CONTRIBUTE ESSENTIAL FOOD

items through our operating companies to assist underprivileged families in their preparation for the Hari Raya celebration



DONATED FOUR

UNITS OF HEARSEs TO
FOUR MOSQUES



DISTRIBUTED RM120,000

WORTH OF READING
MATERIALS IN 2017



EMBARKED ON ENVIRONMENTALLY-RESPONSIBLE

initiatives by investing in facilities that minimise greenhouse gas emissions and promote energy efficiency and sustainability



CHAIRMAN'S MESSAGE



**1.5 MILLION
MAN-HOURS
WITHOUT LOST
TIME INJURY (LTI)**

COMMENDATION IN
THE ENGINEERING AND
CONSTRUCTION DIVISION



MMC GAMUDA KVMRT
(T) SDN BHD ACHIEVED
**FOUR STAR
RATING** FROM THE
**BRITISH SAFETY
COUNCIL**



COMMITMENT TO SAFETY

At MMC, safety has always been our priority, and with the cooperation of all employees and stakeholders concerned, we were able to maintain a safe working environment.

We continued to invest time and effort into minimising our Average Lost Time Injuries Frequencies (ALTIF) rate and we are further encouraged by recognition for our efforts to create a safe workplace for our people, such as the 1.5 million Man-hours Without Lost Time Injury (LTI) commendation to our subsidiary in the Engineering and Construction division.

MMC Gamuda KVMRT (T) Sdn Bhd's achievement of the Four Star rating from the British Safety Council was also a significant accomplishment, as it is one of the most stringent Occupational Health & Safety (OH&S) Management Safety Audits in the Five Star Occupational Health and Safety Audit.

This audit process involved an in-depth examination of our entire health and safety management system and key aspects of our approach to managing occupational health and safety in the workplace, and recommendations for continuous improvement.

Our undivided commitment to safety rests on our belief that there is no greater value than the lives of our people and others who operates in our premises, and to this end, we continue to put priority on initiatives such as our annual Health and Safety Week at each of our Operating Companies, on-going safety training as well as fire and disaster drills.

AWARDS

Our pursuit of operational excellence was recognised with PTP being awarded the *Process Compliant Port/Terminal of The Year Award* during the 2017 Global Ports Forum Awards held in Dubai, United Arab Emirates.

We were also honoured to have Northport receiving the Outstanding Performance Award in the port category at the Malaysia World Maritime Week 2017, for the second consecutive year, based on criteria such as growth in cargo handling, implementation of green initiatives, innovations and corporate social responsibility.

In the Engineering and Construction division, MMC Pembedungan Langat Sdn Bhd's commitment was given due recognition by the Ministry of Energy, Green Technology and Water (KeTTHA) through the KPI Achiever Award.

We commend our employees and thank all our stakeholders for making it possible for us to obtain these awards and we believe that it will encourage our employees to continue to put their best foot forward and aim for even greater achievements in the coming year.

CHAIRMAN'S MESSAGE

**OUTLOOK**

The future success of MMC is influenced by our ability to anticipate and understand the needs of our customers as well as the agility to adapt to the changes of the industries that we operate in, in order for us to stay ahead.

We foresee that there will be further changes to the shipping industry landscape in the years to come and we are now taking proactive measures in anticipation of this so that we can capitalise on opportunities that may arise.

Whilst we prepare to welcome mega-ships from across the globe which will effectively drive volumes at the ports, we remain cognisant of the needs of the smaller vessels and continue to support customers from the hinterland, as it remains a key market for our ports and logistics business.

Further development of the cruise terminal in Penang alongside a growing cruise travel market is expected to boost our position in this respect in the coming year, along with our collaboration with the Royal Caribbean Cruises Ltd to further develop Swettenham Pier.

The overall general economic conditions, both globally and domestically, will certainly have an impact on our businesses. The favourable domestic growth outlook should bode well for the Group as greater manufacturing and commercial activities in the country will boost demand for logistics and transportation services.

Meanwhile, the Government's continued commitment towards nation building and infrastructure development increases the likelihood of further mega projects in the future, and as a key player in the engineering and construction sector, we believe that MMC stands in good stead to secure new projects going forward.

We are also not discounting the opportunities in the private sector, with plans underway to bid for new jobs in the market to raise the orderbook for our engineering and construction business.

The airline sector is also set to soar as industry players ramp up their capacity with new airplane orders, increase flight frequencies and introduce new routes. In view of that, Senai International Airport is looking forward to another year of growth in passenger arrivals as well as greater demand for our retail outlets at the Aeromall.

CHAIRMAN'S MESSAGE

The property market outlook however is expected to remain subdued, which creates a challenging environment for our industrial property. However, we aim to overcome it through aggressive marketing and attractive promotions by capitalising on the growth and attraction of Iskandar Malaysia as well as continue to facilitate the development of several projects by key developers in our Senai Airport City.

Our success is also dependent on established relationships with customers, alliances, the Government agencies as well as other stakeholders and the communities living in the areas that we operate in and who are influenced by our operations.

In all, we expect a brighter year ahead for MMC as we continue to leverage on our strengths and new alliances, cooperate closely with our strategic partners, explore new markets and strive to deliver efficient services to our customers.

ACKNOWLEDGEMENTS

We are grateful to all our stakeholders including the various Government agencies, our business partners and alliances, valued customers, investors and our community for placing your trust in us.

Last but not least, I wish to commend all employees for their unceasing commitment, which forms the cornerstone of our growth, and we thank them for coming through for the Group amid the challenges that we had to face over the year.

This achievement would not have been possible without the leadership of our Group Managing Director, Dato' Sri Che Khalib Mohamad Noh, and his management team.

I thank all of you for your immense contribution to a successful year.

TAN SRI DATO' SERI SHAMSUL AZHAR ABBAS
Chairman

